

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**



W-03231A  
Verde Santa Fe Water Company L.L.C.  
6730 N. Scottsdale Rd. Ste. 230  
Scottsdale, AZ 85253

**RECEIVED**

JAN 27 2006

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**ANNUAL REPORT**

*Cancellation of C.C.P.N  
filed 2-16-05 Not yet  
approved*

**FOR YEAR ENDING**

12	31	2005
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*Entered  
5-23-06  
RF*

FOR COMMISSION USE

ANN04	05
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## COMPANY INFORMATION

<b>Company Name (Business Name)</b> _____		
<b>Mailing Address</b> _____		
(Street)		
_____	_____	_____
(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
<b>Email Address</b> _____		
<b>Local Office Mailing Address</b> _____		
(Street)		
_____	_____	_____
(City)	(State)	(Zip)
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
<b>Email Address</b> _____		

## MANAGEMENT INFORMATION

<b>Management Contact:</b> _____			
(Name)		(Title)	
_____			
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b> _____			
<b>On Site Manager:</b> _____			
(Name)			
_____			
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b> _____			

Please mark this box if the above address(es) have changed or are updated since the last filing.

**Statutory Agent:** \_\_\_\_\_

(Name)

\_\_\_\_\_  
(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Attorney:** \_\_\_\_\_

(Name)

\_\_\_\_\_  
(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |   |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S)    | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                     |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co-op (A)                            |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                        |
| <input type="checkbox"/> Other (Describe) _____ |   |

### COUNTIES SERVED

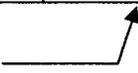
Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |                                   |                                   |
|-------------------------------------|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE  | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM   | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA     | <input type="checkbox"/> PINAL    |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI  | <input type="checkbox"/> YUMA     |
| <input type="checkbox"/> STATEWIDE  |                                   |                                   |

COMPANY NAME

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>			

This amount goes on the Balance Sheet Acct. No. 108 

COMPANY NAME

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>			

This amount goes on the Comparative Statement of Income and Expense \_\_\_\_\_  
Acct. No. 403.

COMPANY NAME

**BALANCE SHEET**

<b>Acct .No.</b>		<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$	\$
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$	\$
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$	\$
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant		
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$	\$
	<b>TOTAL ASSETS</b>	\$	\$

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

**BALANCE SHEET (CONTINUED)**

<b>Acct. No.</b>		<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$	\$
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$	\$
	<b>TOTAL LIABILITIES</b>	\$	\$
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$	\$
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$	\$

COMPANY NAME

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct. No.</b>	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
461	Metered Water Revenue	\$	\$
460	Unmetered Water Revenue		
474	Other Water Revenues		
	<b>TOTAL REVENUES</b>	\$	\$
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance		
621	Office Supplies and Expense		
630	Outside Services		
635	Water Testing		
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense		
408	Taxes Other Than Income		
408.11	Property Taxes		
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$	\$
	<b>OPERATING INCOME/(LOSS)</b>	\$	\$
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$	\$
	<b>NET INCOME/(LOSS)</b>	\$	\$



COMPANY NAME

**WATER COMPANY PLANT DESCRIPTION**

**WELLS**

<b>ADWR ID Number*</b>	<b>Pump Horsepower</b>	<b>Pump Yield (gpm)</b>	<b>Casing Depth (Feet)</b>	<b>Casing Diameter (Inches)</b>	<b>Meter Size (inches)</b>	<b>Year Drilled</b>

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

<b>Name or Description</b>	<b>Capacity (gpm)</b>	<b>Gallons Purchased or Obtained (in thousands)</b>

<b>BOOSTER PUMPS</b>		<b>FIRE HYDRANTS</b>	
<b>Horsepower</b>	<b>Quantity</b>	<b>Quantity Standard</b>	<b>Quantity Other</b>

<b>STORAGE TANKS</b>		<b>PRESSURE TANKS</b>	
<b>Capacity</b>	<b>Quantity</b>	<b>Capacity</b>	<b>Quantity</b>

COMPANY NAME

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

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STRUCTURES:

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OTHER:

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COMPANY NAME: \_\_\_\_\_

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY			
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE			
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER			
	<b>TOTAL</b>		

**Is the Water Utility located in an ADWR Active Management Area (AMA)?**

Yes                       No

**Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?**

Yes                       No

**If yes, provide the GPCPD amount:** \_\_\_\_\_

**What is the level of arsenic for each well on your system.** \_\_\_\_\_ mg/l

*(If more than one well, please list each separately.)*

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

COMPANY NAME \_\_\_\_\_ YEAR ENDING 12/31/2005

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2005 was: \$ \_\_\_\_\_

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**VERIFICATION  
AND  
SWORN STATEMENT  
Taxes**

**VERIFICATION**

STATE OF \_\_\_\_\_  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)
NAME (OWNER OR OFFICIAL) TITLE
COMPANY NAME

**DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION**

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

**I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL

\_\_\_\_\_  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS  DAY OF

COUNTY NAME	
MONTH	,20__

(SEAL)

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES \_\_\_\_\_

COMPANY NAME \_\_\_\_\_

YEAR ENDING 12/31/2005

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported \_\_\_\_\_  
Estimated or Actual Federal Tax Liability \_\_\_\_\_

State Taxable Income Reported \_\_\_\_\_  
Estimated or Actual State Tax Liability \_\_\_\_\_

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances \_\_\_\_\_  
Amount of Gross-Up Tax Collected \_\_\_\_\_  
Total Grossed-Up Contributions/Advances \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

\_\_\_\_\_  
**SIGNATURE**

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**PRINTED NAME**

\_\_\_\_\_  
**TITLE**

RECEIVED

VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only

JAN 27 2006

Arizona Corporation Commission Director of Utilities

VERIFICATION

STATE OF \_\_\_\_\_

I, THE UNDERSIGNED

OF THE

Form with fields: COUNTY OF (COUNTY NAME), NAME (OWNER OR OFFICIAL) TITLE, COMPANY NAME

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

Table with columns: MONTH (12), DAY (31), YEAR (2005)

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$) \$ \_\_\_\_\_

(THE AMOUNT IN BOX ABOVE INCLUDES \$ \_\_\_\_\_ IN SALES TAXES BILLED, OR COLLECTED)

\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS \_\_\_\_\_ DAY OF

Form with fields: COUNTY NAME, MONTH, .20\_\_

(SEAL)

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES \_\_\_\_\_

**RECEIVED**

JAN 27 2006

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

**Arizona Corporation Commission  
Director of Utilities**

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME)	
NAME (OWNER OR OFFICIAL)	TITLE
COMPANY NAME	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2005

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:**

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ _____

**(THE AMOUNT IN BOX AT LEFT INCLUDES \$ \_\_\_\_\_ IN SALES TAXES BILLED, OR COLLECTED)**

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.**

\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL

\_\_\_\_\_  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME  
A NOTARY PUBLIC IN AND FOR THE COUNTY OF  
THIS [ ] DAY OF**

NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	, 20__

**(SEAL)**

**MY COMMISSION EXPIRES**

X \_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

1 FENNEMORE CRAIG  
A Professional Corporation  
2 Jay L. Shapiro (No. 014650)  
3003 North Central Avenue  
3 Suite 2600  
Phoenix, Arizona 85012  
4 Telephone (602) 916-5000  
Attorneys for Verde Santa Fe Water Company  
5

6 **BEFORE THE ARIZONA CORPORATION COMMISSION**

7  
8 IN THE MATTER OF THE  
CONDEMNATION OF VERDE SANTA FE  
9 WATER COMPANY

DOCKET NO. W-03231A-05-

**NOTICE OF CONDEMNATION**

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Verde Santa Fe Water Company (the "Company") hereby provides notice to the Commission that all of its assets have been condemned by the City of Cottonwood ("City") pursuant to a final order of condemnation entered by the Yavapai County Superior Court on October 20, 2004 (copy attached hereto) and the Company ceased doing business as a public service corporation at that time. As part of the condemnation of the Company's assets, the City agreed to take responsibility for all outstanding line extension agreements and customer deposits and all deposits have now been transferred to the City and the Company has no more utility related business to transact.

RESPECTFULLY SUBMITTED this 16<sup>th</sup> day of February, 2005.

FENNEMORE CRAIG, P.C.

By   
Jay L. Shapiro  
Attorneys for Verde Santa Fe Water Company

1 ORIGINAL and 13 copies of the  
2 foregoing filed this  
3 16<sup>th</sup> day of February 2005, to:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington Street  
6 Phoenix, Arizona 85007

5 Copy hand-delivered this  
6 16<sup>th</sup> day of February 2005, to:

7 Christopher Kempley  
8 Legal Division  
9 Arizona Corporation Commission  
10 1200 West Washington Street  
11 Phoenix, Arizona 85007

10 Barb Wells  
11 Engineering Division  
12 Arizona Corporation Commission  
13 1200 West Washington Street  
14 Phoenix, Arizona 85007

13  
14 By: Colleen A Lydon  
15 1602794 . 1

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ORIGINAL FILED THIS OCT 26  
DAY OF \_\_\_\_\_  
JEANNE HICKS  
Clerk Superior Court M.E. DUNN  
By \_\_\_\_\_  
Deputy

1 Robert V. Kerrick (001891)  
Walter A. Ulrich (022734)  
2 GALLAGHER & KENNEDY, P.A.  
2575 East Camelback Road  
3 Phoenix, Arizona 85016-9225  
(602) 530-8000  
4 Attorneys for Plaintiff City of Cottonwood

5 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

6 IN AND FOR THE COUNTY OF YAVAPAI

7 CITY OF COTTONWOOD, a political  
subdivision of the State of Arizona,

8 Plaintiff,

9 vs.

10 VERDE SANTA FE WATER COMPANY, an  
11 Arizona limited liability company; STARDUST  
DEVELOPMENT, INC., an Arizona  
12 corporation; VERDE SANTA FE  
COMMUNITY ASSOCIATION, an Arizona  
13 corporation; AMANTE AT VERDE SANTA  
FE HOMEOWNERS ASSOCIATION, an  
14 Arizona corporation; STARDUST - VSF,  
INC., an Arizona corporation; COUNTY OF  
15 YAVAPAI; UNKNOWN OWNERS AND  
CLAIMANTS; JOHN DOES I-X; JANE DOES  
16 I-X; ABC CORPORATIONS I-X,  
HEIRS AND DEVISEES OF ANY OF THE  
17 ABOVE-NAMED DEFENDANTS, IF  
DECEASED,

18 Defendants.  
19

No. CV820040184

**STIPULATED FINAL ORDER OF  
CONDEMNATION**

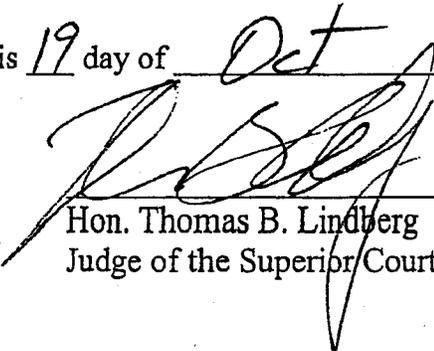
(Hon. Thomas B. Lindberg)

20 It appearing to the Court that the Stipulated Final Judgment in Condemnation  
21 heretofore in the above-entitled action has been fully paid and satisfied; and  
22

1 It further appearing to the Court that, pursuant to the provisions of Paragraph 5 of  
2 the Stipulated Final Judgment in Condemnation, this Court shall now enter the Stipulated  
3 Final Order of Condemnation.

4 IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that sole use,  
5 possession and ownership of all of the plant, system and business of VERDE SANTA  
6 FE WATER COMPANY ("VSFWC"), including, but not limited to, all fee and/or  
7 leasehold interests in real property described in Exhibit "A" attached hereto, all  
8 easements, pumps, wells, waterlines, meters, personal property and/or other equipment  
9 utilized in providing and necessary to provide water service, the VSFWC Certificate of  
10 Convenience and Necessity as shown on the map attached hereto as Exhibit "B", and/or  
11 business, and all tangible, intangible, personal, or real property rights or interest in any  
12 way related thereto, be, and the same are, hereby condemned for the use and benefit of  
13 the CITY OF COTTONWOOD ("CITY"), and that the ownership of the same be, and is,  
14 hereby vested in the CITY, a political subdivision of the State of Arizona in their "as is,  
15 where is, with all faults" condition, and without the necessity of any other consents,  
16 orders or approvals by any governmental entities, free and clear of any and all claims by,  
17 through or on behalf of VSFWC.

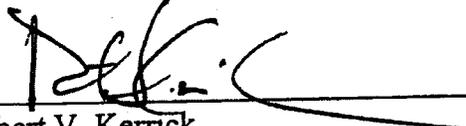
18 DONE IN OPEN COURT this 19 day of Oct, 2004.

19  
20   
21 Hon. Thomas B. Lindberg  
22 Judge of the Superior Court

///

1 APPROVED AS TO FORM AND CONTENT:

2 GALLAGHER & KENNEDY, P.A.

3 

4 Robert V. Kerrick  
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8 Attorneys for Plaintiff City of Cottonwood

9 FENNEMORE CRAIG, P.C.

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11 Jay Shapiro  
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14 Phoenix, Arizona 85012-2913  
15 (602) 916-5000  
16 Attorneys for Defendant Verde Santa Fe  
17 Water Company

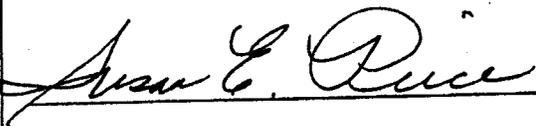
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1 ORIGINAL hand-delivered this 19<sup>th</sup>  
day of October, 2004, to:

2 Hon. Thomas B. Lindberg  
3 Judge of the Superior Court  
4 Verde Valley Justice Center  
5 3505 West Highway 260  
6 Camp Verde, Arizona 86322

7 COPY mailed this 30<sup>th</sup> day of  
8 October, 2004, to:

9 Jay Shapiro, Esq.  
10 Bart Wilhoit, Esq.  
11 Fennemore Craig, P.C.  
12 3003 North Central Avenue, Suite 2600  
13 Phoenix, Arizona 85012-2913  
14 (602) 916-5000  
15 Attorneys for Defendants Verde Santa Fe  
16 Water Company

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15513-0001/1212004

EXHIBIT A

LEGAL DESCRIPTION

TRACT "G", EXCEPT WASH AREA, AMANTE AT  
VERDE SANTA FE

Tract G, AMANTE AT VERDE SANTA FE, as depicted in Book 50 of Maps and Plats, Pages 19-26, Official Records of Yavapai County, Arizona, being a portion of Section 6, Township 15 North, Range 4 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona.

EXCEPT the following described property:

A portion of Tract G, AMANTE AT VERDE SANTA FE, as depicted in Book 50 of Maps and Plats, Pages 19-26, Official Records of Yavapai County, Arizona, being a portion of Section 6, Township 15 North, Range 4 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, and being more particularly described as follows:

BEGINNING at a 5/8" rebar found at the west quarter corner of said Section 6, said point also being the northwest corner of said Tract G, from which a 3 1/2" Bureau of Land Management brass cap, found at the southwest corner of said Section 6, bears South 00°09'34" West, a distance of 2640.64 feet, thence North 67°09'04" East, along the north line of said Tract G, a distance of 490.27 feet, to the northeast corner of said Tract G;

thence South 00°54'09" East, along the east line of said Tract G, a distance of 37.73 feet to a point on a line which is 35.0 feet southerly of and parallel with the north line of said Tract G;

thence South 67°09'04" West, along said parallel line, a distance of 491.03 feet, to a point on the west line of said Tract G and said Section 6;

Thence North 00°09'34" East, along said west line, a distance of 38.02 feet to the POINT OF BEGINNING.

Said parcel containing 1.81 acres, more or less.

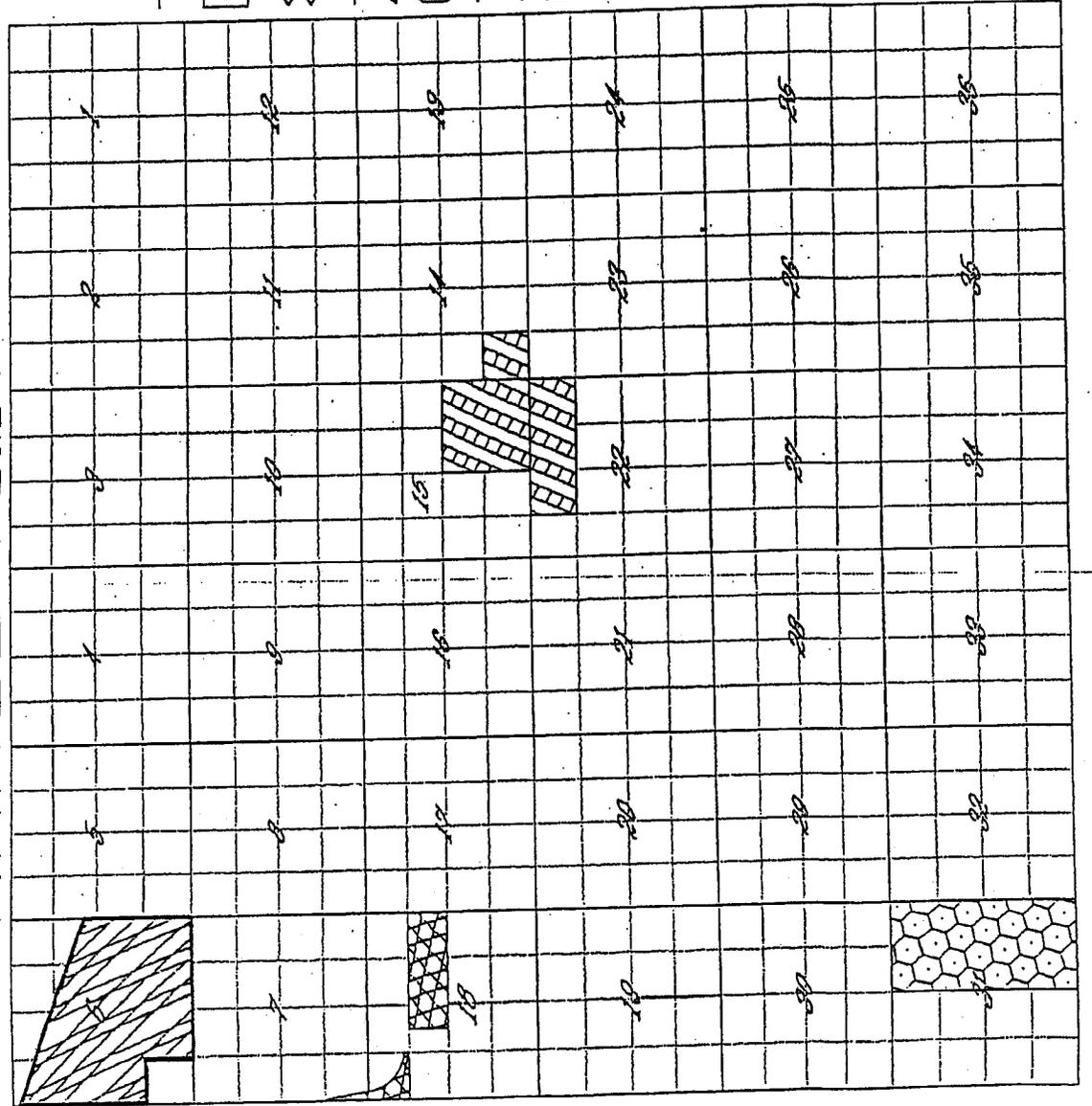


Map No. 27

COUNTY: Yavapai

RANGE 4 East

TOWNSHIP 15 North



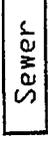
-  W-1419 (5)  
Camp Verde Water System, Inc.
-  W-2060 (3)  
Cordes Lakes Water Company  
(Verde Village)
-  W-1577 (1)  
Oak Creek Public Service Company
-  W-3231 (1)  
Verde Santa Fe Water Company L.L.C.
-  Sewer  
Verde Santa Fe Wastewater Company,

EXHIBIT B

TRISME 22 MAY 1998



**RECEIVED**

JAN 27 2006

**Arizona Corporation Commission  
Director of Utilities**

January 24, 2006

Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

RE: W-03231A, Verde Santa Fe Water Company LLC

Dear Sir or Madam,

On October 20, 2004, Verde Santa Fe Water Company was condemned by the City of Cottonwood and is now owned and operated by the City. A copy of the condemnation notification that was sent to the Corporation Commission is enclosed. All correspondence regarding Verde Santa Fe Water Company should be sent to the City of Cottonwood.

Sincerely,

Rick Hurula  
Vice President – Development  
Stardust Companies

*Cancellation of  
CC&N Filed 2-16-05.  
Still open.*